

TOM DAVIS, VIRGINIA,
CHAIRMAN

CHRISTOPHER SHAYS, CONNECTICUT
DAN BURTON, INDIANA
ILEANA ROS-LEHTINEN, FLORIDA
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
GIL GUTKNECHT, MINNESOTA
MARK E. SOUDER, INDIANA
STEVEN C. LATOURETTE, OHIO
TODD RUSSELL PLATTS, PENNSYLVANIA
CHRIS CANNON, UTAH
JOHN J. DUNCAN, JR., TENNESSEE
CANDICE MILLER, MICHIGAN
MICHAEL R. TURNER, OHIO
DARRELL ISSA, CALIFORNIA
VIRGINIA BROWN-WAITE, FLORIDA
JON C. PORTER, NEVADA
KENNY MARCHANT, TEXAS
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. McHENRY, NORTH CAROLINA
CHARLES W. DENT, PENNSYLVANIA
VIRGINIA FOXX, NORTH CAROLINA

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051
TTY (202) 225-6862

<http://reform.house.gov>

HENRY A. WAXMAN, CALIFORNIA,
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA
MAJOR R. OWENS, NEW YORK
EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
LINDA T. SANCHEZ, CALIFORNIA
C.A. DUTCH RUPPERSBERGER,
MARYLAND
BRIAN HIGGINS, NEW YORK
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA

BERNARD SANDERS, VERMONT,
INDEPENDENT

SUBCOMMITTEE ON FEDERALISM AND THE CENSUS

Congressman Michael R. Turner, Chairman



OVERSIGHT HEARING

STATEMENT BY MICHAEL R. TURNER, CHAIRMAN

Hearing topic: *"Bringing Community Development Block Grant Program (CDBG) Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program."*

Monday, May 24, 2005

10:00 a.m.

2154 Rayburn House Office Building

OPENING STATEMENT

Welcome to the Subcommittee's oversight hearing entitled, *"Bringing Community Development Block Grant Program (CDBG) Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program."*

In March, this Subcommittee held a hearing reviewing the Bush Administration's "Strengthening America's Communities" initiative. During that hearing, we learned that HUD had undertaken certain in-house initiatives to improve the administration of the program. One of those initiatives was to implement an improved set of performance measures.

CDBG is one of the largest federal direct block grant programs in existence. In FY 2005, Congress appropriated \$4.71 billion for the CDBG program, including \$4.15 billion for CDBG

formula grants alone. State and local governments use CDBG grant monies to fund various housing, community development, neighborhood revitalization, economic development, and public service provision projects.

To receive their annual CDBG grant, grantees must develop and submit to HUD a Consolidated Plan. In their Consolidated Plan, each grantee must identify its goals for its use of CDBG monies. These goals then serve as the criteria against which HUD evaluates each grantee's Plan and the performance of each activity under the Plan.

Grant recipients may use CDBG funds for a wide variety of activities. For example, CDBG funds can be used for the acquisition of real property, the relocation and demolition of buildings, the rehabilitation of residential and non-residential structures, the provision of public services, and the construction and improvement of public facilities. In contrast, grant recipients may not use CDBG funds for the acquisition of buildings used for the general conduct of government. Nor may grantees use CDBG funds for political activities, certain types of income payments, or the construction of new housing by local governments.

Following approval of a grantee's Consolidated Plan, HUD will make a full grant award unless it has determined that the grantee failed to implement its Plan in a timely manner and in a way that is consistent with the Housing and Community Development Act.

Critics, as well as some proponents, of the program have questioned whether the Consolidated Plan is an adequate system for assessing whether certain uses of grant funds are consistent with the goals of the nation and whether grant recipients are actually administering the funds appropriately.

Currently, the Consolidated Plan is the only means by which HUD can measure the performance and outcome of grantee activities. With that said, some observers have questioned whether HUD takes the Consolidated Plan process seriously enough. Critics of the program have even questioned whether HUD reads each Consolidated Plan, suggesting that HUD simply does not have the time or manpower to review the more than 1,100 Consolidated Plans within the 45-day time period mandated by the statute.

A primary justification used by the Administration for proposing its Strengthening America's Cities Initiative earlier this year is that CDBG received very low score on the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART). The fundamental question, however, is whether PART is any better of a performance measurement tool for CDBG than is the Consolidated Plan. Many CDBG stakeholders attribute CDBG's low PART score to evaluation limitations inherent in the PART tool itself. They argue that PART lacks the proper assessment matrix tools to score block grant programs like CDBG effectively and accurately. These stakeholders also claim that it may be impossible for evaluators to effectively measure the CDBG program because of its multifaceted nature and because grant monies can be spent on a wide variety of activities that may have "non-tangible" benefits.

Subcommittee on Federalism and the Census

"Bringing Community Development Block Grant Program (CDBG) Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program."

May 24, 2005

With those questions and arguments in mind, today's hearing will specifically explore: (1) how communities spend CDBG monies; (2) whether HUD and grantees effectively target funds toward the needs identified in the program's authorizing legislation; and (3) how, if at all, Congress can measure these expenditures for effectiveness of use.

To help us answer these questions, we have on our first panel the Honorable Roy Bernardi, Deputy Secretary of the Department of Housing and Urban Development and former Assistant Secretary of Community Planning and Development.

On our second panel, we have four distinguished witnesses. First, we have the Honorable Ron Schmitt, City Councilman from Sparks, Nevada and a founding member of the Human Services Advisory Board in Washoe County. The Human Services Advisory Board led to the creation of the Washoe County Human Services Consortium -- the public/private entity that decides how the area will expend its combined CDBG funds.

We will next hear from Thomas Downs, Fellow at the National Academy of the Public Administration. Earlier this year, the Academy published specific recommendations on how to improve reporting and performance measurement systems for the CDBG program.

Next, we will hear from Lisa Patt-McDaniel, Assistant Director of the Community Development Division of the Ohio Department of Development. Ms. Patt-McDaniel is testifying today on behalf of the Council of State Community and Economic Development Agencies (COSCEDA).

Lastly, we have Dr. Sheila Crowley, President of the National Low Income Housing Coalition.

I look forward to the expert testimony our distinguished panel of leaders will provide the Subcommittee. Thank you all for your time today and welcome.

#####

Subcommittee on Federalism and the Census

"Bringing Community Development Block Grant Program (CDBG) Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program."

May 24, 2005